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Slipping Soviet economy may affect U.S. relations

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A new imponderable in Soviet-American relations which may already affect diplomatic negotiations is the worsening economic and technological position of Russia, exposed here by the Central Intelligence Agency (CIA).

The Soviets, like the United States, are having trouble with their economy. For the U.S.S.R., it is a question of not being able to produce enough goods, whereas the U.S. problem is disposing of goods in an inflation that has idled workers and factories.

Moscow needs Western machinery and technical knowledge so urgently, some informed observers believe, that it may modify its hard-line position in the diplomatic field. Is it just a coincidence, it is asked, that Russia recently has seemed to show some softening on the Geneva Middle East conference, and on the strategic arms limitation?

In secret testimony last June, which was paraphrased and published in part by the joint economic committee of Congress in August, CIA director Stansfield Turner declared that the U.S.S.R. would soon encounter declining economic growth, and that this "will have important implications for the West." Admiral Turner cited sharp reduction in the growth of the working population "coupled with anticipated Soviet bottlenecks in key commodities."

Nikita S. Khrushchev in 1961 boasted that in 20 years the Soviet Union would pass capitalist countries in economic production. Allen Dulles, then CIA director, warned that the gap would be "dangerously narrowed" if production lines converged further. The Soviet Union was then increasing output 8 percent a year while the United States was in a recession.

New CIA projections indicate Soviet production growth of around 4 percent a year, with a decline to 3.5 or 3 percent in the early 1980s. "Without strong action," the paraphrased testimony continues, "especially on energy, the annual rate of economic growth could decline to 2 to 2.5 percent."

Following report

The CIA study is cool and colorless and follows a report by CIA Director George Bush last year declaring that Soviet military technology is behind America's. Confirming this, Admiral Turner declared that an "overall assessment would be that we are well ahead of them in military technology."

However, by spending more, the Soviets achieve about the same results. The percentage of gross national product going to de-

fense, Admiral Turner said, increased in the CIA estimate "not because their defense programs are larger than we thought, but because the efficiency of the defense sector of their industry is much less than we had believed."

CIA experts think that unless "massive infusions of investment and technology are poured in," Soviet oil production, presently largest in the world, will level out in 10 years or so and the U.S.S.R. will import rather than export oil.

The picture presented is of a huge nation covering a wide area with a stabilizing population and an unsatisfactory economy. With workers badly needed in industry, 1 in four now works on inefficient farms, with output one-tenth that of American farmers.

The big production gap with the West may widen. Admiral Turner indicated Soviets may seek U.S. assistance, "primarily our technology," but that they lack hard currency or credits.

Adding its analysis to the Turner testimony, the congressional committee argues that the Soviets face "serious strains in the decade ahead," which may make mutually irreconcilable three goals now pursued simultaneously — catching up with the U.S. in arms, expanding its industrial base, and meeting minimal consumer expectations.